RAJYA SABHA

Wednesday, the 29th July, 1992/ 7th Sravana, 1914 (Saka)

The House met at eleven of the clock, the **Deputy Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Expansion of Haldia Refinery

*301. SHRI SUNIL BASU RAY : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state :

(a) whether it is a fact that Government have not agreed to the expansion of Haldia Refinery ; and

(b) if so, what are the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS WITH ADDITIONAL CHARGE OF MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI S. KRISHNA KUMAR) : (a) and (b) The expansion of the capacity of Haldia Refinery is found to be not feasible on techno-economic grounds.

SHRI SUNIL BASU RAY : Madam, the answer given to the question is not only inadequate but it is also irresponsible because it avoids the issue of development of the entire region of Eastern India. It is known to the Government that the present capacity of the Refinery only caters to 10.73 per cent of the total requirement of Eastern India. In this context the Government of West Bengal has been trying to get the capacity expanded since 1978. Scores of letters have been written to the Government of India but the response of the Government of India is as is found in this reply. I want to ask the hon. Minister whether in view of so many expert committees' reports they have ever considered how to expand the capacity of the refinery of eastern India. That is my first question.

SHRI S. KRISHNA KUMAR : Madam, the Government of India has seriously considered the proposals of the IOC for expanding the capacity of this Refinery from time to time. Expert committees have gone into the whole question and the latest report is the report by the team of Engineers India Ltd. which had visited the Refinery in October, 1990 and have conducted a very detailed examination of the possibility of expansion of this Refinery. The Report of the Committee highlights the following points. Firstly, the existing processing facilities are fully saturated. Therefore, in order to expand the Refinery we have to put infrastructure and amentities just as for a new refinery anywhere else in the country. So the expansion will be tantamount to setting up a new refinery. Secondly, there are constraints regarding land at the existing site. Utility requirements such as water, power etc. have to be established afresh. The Haldia Port has constraints in crude and product handling such as lower draught which allows only tankers up to 35,000 tonnes to come there making handling very expensive. The tidal nature of the port is another problem—These are some of the main points. Taking all these factors into consideration it is found that the expansion of Haldia Refinery is not techno-economically feasible.

THE DEPUTY CHAIRMAN : Second supplementary.

SHRI SUNIL BASU RAY : The second supplementary that arises out of the reply of the hon. Minister is this. The hon. Minister should take some time to consult the letter dated March 19, 1990, written by the Chief Minister of West Bengal to the Prime Minister in which all these points that have been raised were now replied to. It has been mention in the letter that new facilities and services are available ; the required

land is also available, power house and effluent treatment plants are already there, adequate water availability is there. It has also been written in that letter that while formulating the Eighth Plan, care would be taken to recommend for the creation of additional refinery capacity in this country. So, I don't know whether this has been done. It is not clear from the hon. Minister's reply. But in view of the fact that Haldia Petrochemicals and its input of naphtha is going to be produced by this refinery with the existing capacity of 2.5 million tonnes the production of naphtha is only 1.52 a khs tonnes, but the requirement of Haldia Petrochemicals is 5 million tonnes of naphtha—there is vast scope for expansion of this refinery. Cost-benefit ratio is a variable factor. It does not stand at the same point always. We also do not stand at the same point. Our allowances have been doubled. So, in view of that, why shouldn't the Government take sufficient care to formulate a workable techno-economic feasibility report so that we can have it ? We want it. It is not a question of whether any expert says something or not. No expert's word is the last word in the world of experts. So, when we are talking about basic industries, when we are talking about technological development, we should not fihgt shy of challenging the situation, challenging the obstacles that are there and we must..

THE DEPUTY CHAIRMAN : Mr. Basu, please be brief in your question. Let the Minister have a chance to answer.

SHRI SUNIL BASU RAY : I would like to know whether the Government is taking adequate measures, taking sufficient measures to achieve it.

SHRI S. KRISHNA KUMAR : All facts brought to the notice of the Government of India, including the letter mentioned by the hon. Member emanating from the Chief Minister, have been gone into the detail. It is on the basis of the representation of the West Bengal Government that a fresh techno-economic study was made by the EIL. The project proposal had earlier been rejected. It was on the basis of West Bengal Government's memoranda that a afresh study was mad by the EIL. Now, it has been conclusively established that it will not be a proper investment and it is not techno-economically feasible to site. The question of establishment of refineries is a national matter. The techno-economic study has to be related to the location. So, there are other contending locations for the use of pur resources. We have to use our scarce resources in the best possible manner. Maximum possible consideration has been given to the representations made by the West Bengal Government.

THE DEPUTY CHAIRMAN : Mr. Dipen Ghosh. I think he has answered the question. You may not be satisfied but he tried. Mr. Dipen Ghosh, I think there is not much left in it now. Do you have any different point ?

SHRI DIPEN GHOSH : Madam, if I heard the Minister correctly he had stated in his reply to the supplementary that the Government had considered the IOC proposal for providing additional capacity and then this Working Group of EIL, etc., were all set up and the reports were given. The other parts of the reply I am not quoting. I would like to know whether the IOC was eagre to expand the capacity of the Haldia Refieery and made a proposal to the Government.

THE DEPUTY CHAIRMAN : Any other refinery ?

SHRI DIPEN GHOSH : If so, in view of the Government's latest policy to give autonomy to the public sector organisations to decide their line of business, line of action, expansion or creation of new capacity, whether the Government is

going to allow the IOC to expand its capacity on the basis of their own techno-economic survey.

SHRI S. KRISHNA KUMAR : It is true that the Indian Oil Corporation had submitted feasibility reports in three stages during 1982-87. These feasibility reports have been examined by the Government. The IOC no longer stick to their original stand. They are not saying that they want to establish the refinery there. There is no difference of opinion between the IOC and the Government in the matter. In matters relating to invest ment in such major projects the Government have a say and Government decides on the merit of each case.

SHRI GURUDAS DAS GUPTA : Madam, I don't understand why the Government is taking the report of the EIL as the most sacrosanct. They cannot be allowed to say the last word because on such controverial issues, on suh issues that provoked a controversy, Government in the past had appointed a number of evaluation committees. In the case of IISCO five committees have been appointed. But in this case the Government is relaying totally on the findings of a particular committee's report. There is a contradiction. When the IOC pleaded for establishment or expansion of the capacity, they had their own techno-economic report. Since the IOC at that time thought it fit or possible or feasible to expand, the Government had subsequently changed it on the basis of another report. Obviously, there is a difference of opinion. To us in West Bengal this is very important.

THE DEPUTY CHAIRMAN : Question please.

SHRI GURUDAS DAS GUPTA : I am coming to the question. This is very important because Haldia Port is an expanding Port but Calcutta is not an expanding Port. In Haldia Government is interested in setting up a petro-chemical complex. But in West Bengal it is very important for us because of unemployment and because of many other reasons. Therefore, in view of the importance of expansion, the necessity of expanding the refinery in the background of the West Bengal Government's proposal or thinking to have a petro-chemical complex, will the Government of India consider appointing another committee, not a committee of the EIL but of another group of specialists to go into the problem and find out if there is any feasibility of expanding the capacity of the refinery ?

SHRI VISHNU KANT SHASTRI : Madam, I associate myself.

THE DEPUTY CHAIRMAN : Mr. Shastri, you cannot do it. There are certain procedures in the House. You cannot associate yourself. I am sorry.

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI B. SHANKARANAND) : I very well share the concern, the desire, the necessity and the pressure of the hon. Members to see that the Haldia Refinery is expanded. What are the main requirements for the expansion of a refinery ? You need land ; you need crude to be processed in that expanded capacity ; yon need facilities to bring crude ; you need port facilities ; you need other facilities like water, power, etc. Only then can you think of . The Engineers India Ltd. which is an expert consultant body specially created for the purpose of engineering consultancy to the Government of India is the main organ onwhom we depend for an expert advise.

SHRI GURUDAS DAS GUPTA : On whose report has IOCs suggested that ?

SHRI B. SHANKARANAND : I am coming to that. When all these suggestions were med then we asked the EIL to go and examine it.

They found that there was not enough land because the requirement of land for expasion is about 150 acres. Land is also not available there because, as I am told, it is surrounded by the railway track. Absolutely there is no land available there. We also want to see that expansion does take place at the lowest cost.

SHRI DIPEN GHOSH : Have you asked for land ?

SHRI B. SHANKARANAND : We need a minimum of 70 acres of land. There is no land available to provide tankage facilities. The Haldia Port itself does not have night navigation facility so that more crude can be brought there and the entire port facility can be used day and night. Even if we create a second Jetty, the question is the scope of this port is so limited that expansion cannot take place. On the other hand, the EIL has—(*Interruptions*)

SHRI DIPEN GHOSH : Has the hon. Minister interacted with the port authorities...(*Interruptions*)..

THE DEPUTY CHAIRMAN : Mr. Dipen Ghosh, please do not interrupt. Let him answer. Please ..(. *Interruptions*. . .

SHRI B. SHANKARANAND : The capacity, the draught at the port is only 33. The oil-handling capacity is so limited that we cannot have the expanded capacity fully utilised for the purpose. We have to have an expansion of 3 million tonnes. In view of all these constraints, it has been advised that it would be better to have a new grassroot refinery of 6 million tonnes near about there. The suggestion is for Paradip Port and we are thinking of considering it...(*Interruptions*) ...

SHRI GURUDAS DAS GUPTA: Madam, what about Haldia? ...(*Interruptions*)... Madam, I seek your protection..(*Interruptions*)...

SHRI DIPEN GHOSH : Madam if there is scarcity of facilities in the port, let the Government...(*Interruptions*)...

THE DEPUTY CHAIRMAN : Please, you have asked your question ...(*Interruptions*)..

SHRI GURUDAS DAS GUPTA : Why has he not created a second committee ? Why ?...(*Interruptions*)..

SHRI DIPEN GHOSH : Madam...(*Interruptions*)..

THE DEPUTY CHAIRMAN : Please, Mr Dipen Ghosh . . . (*Interruptions*) please, Mr. Gurudas Das Gupta...(*Interruptions*)...

SHRI B. SHANKARANAND : I can only say to the hon. Member that he has not asked question. I should say that perhaps this is a suggestion for action...(*Interruptions*)...

THE DEPUTY CHAIRMAN : Smt. Veena Verma, do you want to ask now?

श्रीमती वीणा वर्मा : छोटा सा प्रश्न पूछ लूं।

उपसभापति : अब इसमें कुछ बचा नहीं है पूछने को, दूसरे में पूछवा दूंगी आपको। There is othing which the Minister has not answered. Let us go to the next question.

Conversion of DTC into Public limited company

*302. DR. ABRAR AHMED : SHRIMATI RATAN KUMARI :

Will the Minister of SURFACE TRANSPORT be pleased to state :

(a) whether there is any proposal under Government' consideration to

*The question was actually asked on the floor of the House by Dr. Abrar Ahmed.